

18 March 2009

**Application for changes in service agreement with accordance to the introduction
of a new gas resource cost rate adjustment
(Tokyo, Kumagaya, Konosu areas)**

Tokyo Gas Co., Ltd.

Today, Tokyo Gas Co., Ltd. filed an application to the Minister of Economy, Trade and Industry for the changes in service and optional agreements for Tokyo, Kumagaya, Konosu areas(*) from May gas tariff reflecting a new gas resource cost rate adjustment.

The application was done according to the recent revision of the ministerial ordinance reflecting the revision of the gas resource cost adjustment system at the ministry's advisory committee.

In the new gas rate system, the gas rate will be adjusted every month, where currently it only fluctuates every three months. At the same time, the gas resource cost is reflected with two months interval where currently there is three months interval. In the previous system, when the volatility of the resource cost is within a certain band, there was no adjustment to the tariff, but with the new system, the rate is adjusted every month regardless of the spread of the fluctuation.

Transition measures will be taken according to the ministerial ordinance since some of the past resource cost will not be reflected with the switch to the new system.

The specific gas tariff for May billing, reflecting the new rate system, will be announced around March 30, when the latest government's trade statistics will be announced.

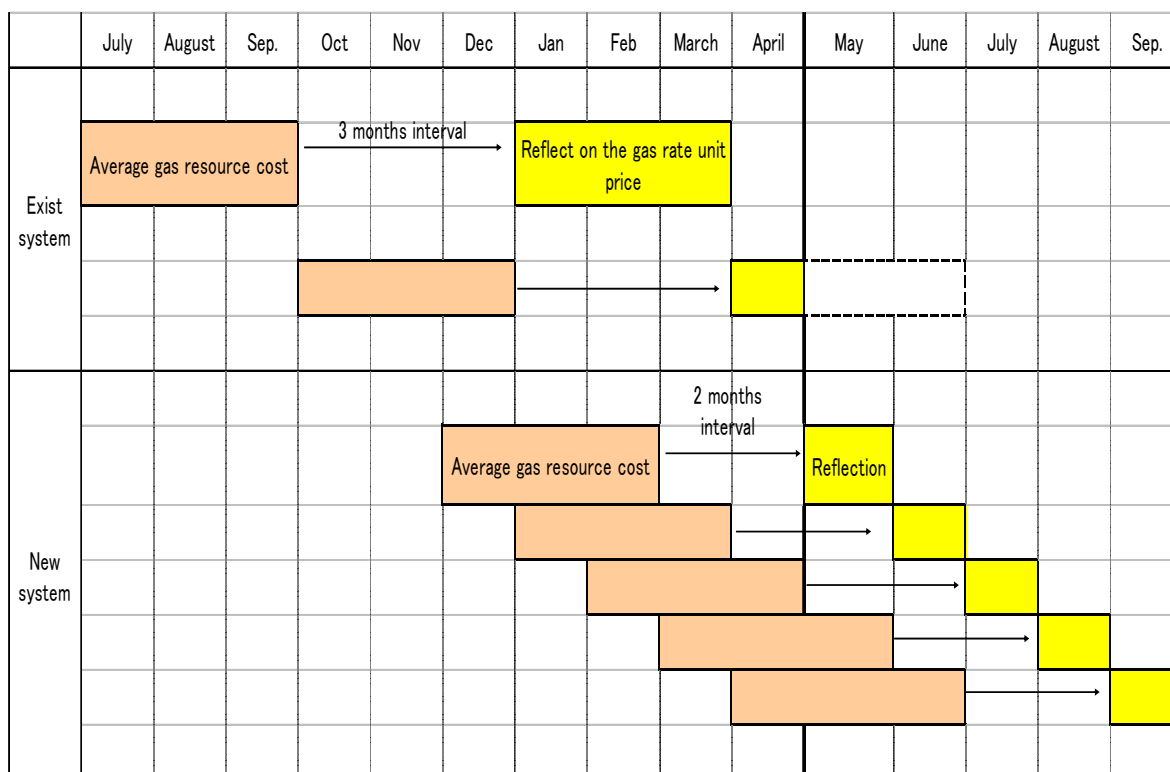
Tokyo Gas will continue striving to raise our level of business efficiency while also working to improve customer services, assure supply stability and security, and contribute to the resolution of global environmental problems, in order to perform up to the expectations, and fulfill the trust, placed in us by our customers, shareholders, and the communities we serve.

(*) The gas resource cost adjustment system is not applied in Gunma and Kofu areas.

【Reference】

1. New Gas rate adjustment system

		New system	(Ref.) Exist System
①Structure of the adjusting system	Frequency	Every month	Every quarter
	Calculation of Average resource cost	3months moving average price (3 to 5 months prior to the accounting month) is reflected to that of the month	3 months average price of 2 quarters prior is reflected to that of applicable 3 months
②Non-adjustment band		Abolished	The tariff is not adjusted when the change is in the range of $\pm 5\%$ (2,690 yen/t)
③Upper limit		No change	The upper limit is set at 86,100yen/t (=Standard average price $\times 1.6$) even when the cost exceeds that price.



2. Transition measures for switch to the new gas rate adjusting system

- (1) By switching to the new system, some of the past gas resource cost will not be passed on to the gas tariff. Therefore, we will add the below calculated amount “transition tariff” to the tariffs from May 2009 to March 2010.

<Calculation of the transition tariff>

Amount of gas resource cost not reflected

$$\begin{aligned} & \left(\begin{array}{l} \text{Oct. '08} \\ \text{Actual resource cost} \\ 78,910(\text{yen/t}) \end{array} \right) \times \left(\begin{array}{l} \text{Cost not} \\ \text{reflected} \\ 2/3 \end{array} \right) + \left(\begin{array}{l} \text{Nov. '08} \\ \text{Actual resource cost} \\ 76,510(\text{yen/t}) \end{array} \right) \times \left(\begin{array}{l} \text{Cost not} \\ \text{reflected} \\ 2/3 \end{array} \right) + \\ & \left(\begin{array}{l} \text{Dec. '08} \\ \text{Actual resource cost} \\ 64,660 (\text{yen/t}) \end{array} \right) \times \left(\begin{array}{l} \text{Cost not} \\ \text{reflected} \\ 1/3 \end{array} \right) + \left(\begin{array}{l} \text{Jan. '09} \\ \text{Actual resource cost} \\ 58,850 (\text{yen/t}) \end{array} \right) \times \left(\begin{array}{l} \text{Cost not} \\ \text{reflected} \\ 1/3 \end{array} \right) - \\ & \left(\begin{array}{l} \text{Standard resource cost} \\ 53,810 (\text{yen/t}) \end{array} \right) \times 2 = 37,163 (\text{yen/t}) \end{aligned}$$

Transition tariff

$$\begin{aligned} & 37,163(\text{yen/t}) \times 0.080 \div 100 \times (1 + \text{consumption tax}) \div 11 \text{ months} \\ & = 2.83 (\text{yen/m}^3 : \text{including tax, rounded down}) \end{aligned}$$

- (2) As for the tariff from April 2009 to March 2010, the below tariff will also be added due to the rate adjustment derived from the special measure applied during the period of January to March 2009.

<Adjusted tariff in accordance to special measure>

Adjusted rate

0.94 (yen/m³: including tax, service and residential optional agreement)

0.54 (yen/m³: including tax, optional agreement other than residential sector)

For details, please refer to press release on October 31,2008.

<Calculation of May 2009 Gas Tariff>

For average household consuming 34m³ / month

Gas bill (yen/month)

= Fixed tariff (1,081.50yen/month) + Unit tariff (yen/m³)

Unit tariff (yen/month)

= {Standard unit tariff (126.98yen/m³ *1) + adjusted unit tariff (yen/m³)} × 34 (m³/month)

Adjusted unit tariff (yen/m³)

= Adjusted unit price according to the new gas resource cost adjusting system (*2)

+ Transition tariff (2.83 yen/m³)

+ Tariff adjustment for special measure imposed during January-March 2009 (0.94yen/m³)

(*1) Standard unit tariff varies from customer to customer according to the consumption volume.

(*2)The adjusted tariff will be announced around March 30 when the trade statistics are announced.